Metropolitan Toronto property
reviw analysis

APPENDIX 2: MTPR REPORT ONE

METROPOLITAN TORONTO PROPERTY REVIEW

ANALYSIS OF MARKET CONTEXT;

ESTIMATION OF PROPERTY VALUES;

DEVELOPMENT MECHANISMS

Prepared for:

MINISTRY OF GOVERNMENT SERVICES

PROVINCE OF ONTARIO

September 1987

3 church street
suite 100
toronto, ontario M5E 1M2
(416) 364-4414

n. barry lyon
consultants limited

TABLE OF CONTENTS

EXECUTIVE SUMMARY

The Ministry of Government Services has assigned the Metropolitan Toronto Property Review the task of assessing the zoning status, marketability and disposal techniques for several of its larger, underdeveloped Metro area properties.

The Property Review was asked first to make provision for Government office expansion, if and as required on any of the sites, second to generate significant amounts of new housing to help ease the Metro area's shortage of housing, particularly affordable multiple family housing and third, to generate revenues, through land disposition, in order to accomplish other government objectives.

This portion of the Metro Toronto Property Review research effort assesses the overall marketability of properties, severally and as a group, in terms of the expected current and future receptivity of the land market, current zoning and possibilities for rezoning, timing of development, anticipated pricing and the character of disposition.

Value estimations have been arrived at through discussions with real estate brokers, municipal planners, property owners, and investors.

The general finding of the research is that, in the form of these properties, the Government has a particularly attractive and marketable portfolio in its hands, in terms of its appeal to developers and investors, both now and in the future.

The decision on whether, when and how to dispose of a given property is particularly difficult. Once a key parcel of urban or suburban Metro land is gone, it is most difficult to replace. In Metro Toronto, developable sites are especially hard to find, and increasingly expensive.

The value estimations and development mechanisms suggested in this portion of the Metro Property Review are intended as guidelines for subsequent action, including decisions on disposition.

The review was conducted during the first three quarters of 1987, in an atmosphere of business community confidence in the Ontario and Metro economies and in a period of overall shortage of good quality sites, whether for office, retail, industrial or residential development.

The Province is in the fortunate position of owning some of the best development lands in Metro Toronto, including its properties at 145 Queen Street West, 5000 Yonge Street, Ellesmere and McCowan, Armoury/Chestnut and East of Bay.

Rapid transit and waterfront oriented sites have been particularly scarce and valuable. This places Government properties such as those in the downtown core, East of Bay, at 2195 Yonge, 5000 Yonge and McCowan/Ellesmere in an especially fortuitous and saleable position. Eventually, the 90 Harbour and East Bayfront sites could share in this demand.

Even those properties with restrictive zoning or expected opposition to densification, will be well received in the current land market. These properties would include the Lakeshore Psychiatric site, Falstaff/Keele, and East Bayfront.

Several of the properties lend themselves well to assisting the Government in responding positively to the shortage of housing, particularly affordable housing. These sites would include East of Bay, 2195 Yonge, 5000 Yonge, Ellesmere and McCowan, Burnhamthorpe and Highway 427, Lakeshore Psychiatric, and 70 Lombard Street.

Although Metro development sites are trading for record values, even further value appreciation is considered likely, given the pressure from the investment and development community for new sites, absorption levels for commercial space and housing, and the shortage of sites.

The Government could not be faulted for deciding to retain property in an environment of value appreciation. Such a decision must be based on more comprehensive considerations, including the particular needs which resultant revenues can be directed towards, including the provision of much needed housing.

In terms of Government objectives, particularly the generation of housing and land sales revenue, the next two years appear to offer a receptive environment in which to dispose of any of the properties under review.

METRO TORONTO LAND MARKET OVERVIEW

At the time of the completion of this Review, in the third quarter of 1987, the Metropolitan Toronto land market is showing record sale values for all types of developable land, including residential, commercial, industrial, mixed use, urban and suburban.

These high values are being posted in an atmosphere of economic buoyancy, expectations for continued growth, and a shortage in the supply of land, particularly land capable of larger scale development.

The shortage of developable sites is almost universal across Metropolitan Toronto, and is especially evident in the City of Toronto and in key, suburban nodal locations, conveniently located in respect of current development activity, public transit, the arterial road network and having the appropriate zoning or good prospects for upzoning.

It appears likely that the value of well located, developable Metro area sites can only increase, given the clamour of investors and developers to acquire them. Many real estate brokers have standing orders to acquire sites, if and when they can find them.

In hindsight, the Metro Toronto properties which the Provincial Government is considering disposing of were particularly well chosen when originally purchased. Almost all can be described as exceptionally well located, in their local market contexts.

The Toronto area real estate market follows a cyclical pattern. At some point, a stabilizing or downturn of values can be expected. A downturn is generally related to the international economy, and may be reinforced by an oversupply of newly built product on the local market.

Until the end of the current cycle, and barring a recession, the values of the Provincial properties can be expected to hold at worst, and, more likely, to increase above the rate of inflation.

The key questions facing the Government are whether to sell, what to sell, when to sell, and on what basis.

Most of the Provincial sites offer relatively "clean", larger scale development opportunities, requiring no further land assembly, having generally favourable zoning, in excellent locations.

On several of the sites, the Government can use a portion for its own purposes.

If value appreciation were the Government's only concern, a holding pattern might appear advisable, for many of the sites under study. However, such a policy would generate no revenue for other needs and no badly needed housing sites.

The estimated market land values set out in this Review take into account the recent dramatic escalation in downtown and suburban site

values, as well as developer and investor pressures for site acquisitions.

They also reflect the likelihood of a developer obtaining a rezoning, on various sites. Occasionally, a private sector developer could be in a better position than the Province to pursue rezoning aggressively, with less concern for inter-governmental political considerations.

Most land transactions in Metro Toronto are conducted on an outright sale basis. The limited local precedent for land lease transactions can significantly narrow the number of interested purchasers in any given property. For this reason, outright sale remains the most common and popular development mechanism.

Amongst the most difficult sites to find in Metro Toronto are those suited for assisted housing, whether for singles, couples, families or seniors. Such sites are very difficult to create through land assembly and rezoning, as they almost invariably face strong neighbourhood opposition. Moreover, assisted housing developers cannot compete economically for land which is also sought after for condominium housing development.

Timing is an essential ingredient of success in real estate transactions. The prudent land vendor sells on the market upswing and takes advantage of scarcity and demand for well located sites.

Most of the Provincial sites under review are ready for development. If they can be brought to market within the next year, a strong response from potential purchasers is quite possible, even for the larger properties. In these land holdings, the Province has the proverbial "embarrassment of riches".

The ongoing and increasing strength of demand for developable land across Metro Toronto is due, in large part, to the successful decentralization of commercial and industrial growth, outside the City of Toronto. This, in turn, has been made possible by the extensions of the rapid transit network and continuing improvements to the arterial and highway road network. Metro's decentralization policies are working, and have greatly added to the value of suburban sites.

The Metro land market could hardly be better, than at present. Prospects for continuing demand for all forms of development land in 1988 and 1989 also appear to be strong, although some over-building of the suburban office and industrial market is expected.

Metro Toronto is, in reality, a series of localized markets, based on a platform of decentralized, nodal growth. This is best typified by the growth of the suburban "downtowns" at Yonge/Sheppard/Finch, Scarborough Town Centre, and, eventually, at Kipling and Bloor/Dundas. Although the Metro area is not exhibiting major population gains, the need for new commercial and residential accommodation appears to be accelerating, to meet the expansion requirements of the business

community and to re-accommodate area residents as their housing needs and lifestyles change.

The competition between municipalities for urbanized growth has also generated further pressures on well located sites. Toronto's aggressive real estate brokerage and development community has also been very successful in attracting foreign investment in land and property. The Toronto land market is characterized by the diversity of its investors, including those based locally, nationally, internationally, private companies, public companies, institutions, pension funds and syndicates.

Currently, the downtown/midtown Toronto land market appears to be the most popular with investors and developers, followed by North Metro, West Metro and East Metro.

The days of businesses relocating to the suburbs to achieve cheaper land prices and rents are shortening, as suburban development increasingly takes on the character of downtown development, with similar building space and quality standards, underground parking, and similar construction costs. The gap between urban and suburban land costs, on a buildable foot basis, is lessening, as are realty taxes.

Businesses and individuals seeking relief from high land prices and property taxes must now relocate outside the Metro borders, in the periphery Regions. For most users, the costs of developing and operating within Metro still outweigh outside moves.

OFFICE MARKET CONTEXT - CITY OF TORONTO AND SUBURBAN

1. 90 HARBOUR STREET*

This site is adjacent to the planned World Trade Centre. It should benefit from that development as office tenants gradually learn to accept the harbourfront as a prime commercial location.

The forerunner in terms of commercial development south of the Gardiner Expressway, was Campeau with its Waterpark Place. Even though it lost money on the project, it is currently 98% leased and a second phase will soon be underway. Developers have learnt from the mistakes made by Campeau and now have a better idea of the price to pay for land considering the acceptable rental rates for the area.

The most recent leases signed at Waterpark Place were at a rate of $19/sq.ft. net. The World Trade Centre is currently looking for tenants willing to pay $20-$22/sq.ft. net.

The current controversy surrounding the central waterfront will inhibit developer interest in the site. However, it is probable that the present issues will eventually fade as they have in the past. In any case this specific parcel is neither a good residential site nor is it acceptable as park land.

*Note: Properties are presented in the same order as the land value summary, ommitting those without commercial components.

Even though 90 Harbour has the advantage of being relatively close to the financial core, it will be competing with the eventual development of the railway lands. Due to the size of that project, it is possible that the value of 90 Harbour might be deflated as the former comes on-stream.

At the same time, it is advisable for the Province to wait for the political situation at the Harbourfront to clear itself up. This will prevent developers from discounting the value of the site for the present uncertainty.

5. 145 QUEEN STREET WEST

As a desirable office location/address, 145 Queen is difficult to surpass. Development on the site should find a ready market, even in an over-built market. The prospect of over-building is very real, as developers typically are prone to respond to a cycle of strong office demand, such as today's market, with more space than the market can absorb.

During the first six months of 1987, just under 1 million sq.ft. of office space came on stream within Toronto's downtown financial core. As the absorption of office space has out-paced construction, the vacancy rate for the downtown market has declined to 6%, from its 1986 year-end level of 8%.

It is estimated that, at present, there is less than 300,000 sq.ft. of office space available in the downtown office market. Since minimal new office space is to come on stream in the second half of 1987, the tight market situation is not expected to soften, in the short term.

Due to its prime location, this site is less affected by variances in the vacancy rate. However, in order to maximize revenue from the sale of the land, the Province should take advantage of the relatively small number of projects expected to come on stream in the next 2-3 years, as well as the relatively low interest rates. Once interest rates start increasing, the economy will contract and there will be less demand for office space, while the cost of financing developments will increase.

Downtown rental rates for Class A buildings range from \$20-\$36/sq.ft. net. The upper end of the range represents buildings such as First Canadian Place and Royal Bank Plaza. Due to the recent decline in vacancy rates, rental rates are expected to increase slightly in the short term. The rental rates anticipated for new developments entering the market in the late 80's and early 90's range from \$25-\$27/sq.ft. net.

Tenant inducements (leasehold improvements, etc.) are equivalent to approximately 1.5 years' worth of rent. The level of inducements depends on the size of the space occupied and the length and terms of the lease.

Several projects, which could be considered competitive with an office

development at 145 Queen, are expected to begin construction within the next three to five years.

Zurich Insurance and Sun Life Insurance are planning to develop jointly 400,000 sq.ft. of office space, at University and Adelaide (northwest side). This project is expected to begin in 1989-1990. Zurich Insurance will require 100,000 sq.ft. for its own use. The developers are asking for a rental rate of $27/sq.ft. net.

Early in 1988, Rostland Corporation will start construction of 80,000 sq.ft. of office space, at the southwest corner of University and Pearl Street. This project is 100% pre-leased.

A numbered company, 592423 Ontario Ltd., owns the site at 444 University (south of Dundas). The specific terms and the timing of a development on the site have not been set. However, there is the potential for 250,000-300,000 sq.ft. of office space, at this location.

7. EAST OF BAY PROPERTIES

In the past, the Bay/Wellesley area has never found particular favour with office developers or the private tenants they are accustomed to building for. It is seen as something of a nether-land, neither downtown or midtown. As such, it has not attracted much developer interest. However, this attitude is changing as developers are forced to look beyond the financial core for available land. This area will

never be prime for office development. However, given its lower land value and its proximity to King and Bay as well as Yonge and Bloor, it should be able to support office development.

The market area bounded by Wellesley, Dundas, Queen's Park, and Yonge Street saw little new office space development in 1986. This situation is not expected to change until, at the earliest, 1988.

The overall office vacancy rate for the downtown north area, including the East of Bay market area, is 5%. However, the vacancy rate for Class-A offices is 1.4%. As a result of the low vacancy rate, a number of projects are planned for the area.

The rental rates for this market area range between $14-$20/sq.ft. net. Developers are planning projects along Bay, between College and Gerrard, anticipate rents in the order of $19-$24/sq.ft. net. The tenant inducements now being offered are equivalent to approximately 1.5 years' worth of rent.

There is a potential for the construction of over 2 million sq.ft. of office space, within the East of Bay market area, over the next 3-4 years. The largest of the planned projects is Phase II of College Park, at Bay and College. This joint venture between London Life and the Bank of Commerce involves 557,000 sq.ft. of office space. The project is expected to start in early 1989 and the rental rate will be $22.50/sq.ft. net.

Minto Construction Limited is planning to build a 360,000 sq.ft. office

tower at 655 Bay Street, at Elm. Minto is asking for $24/sq.ft. net. The project is still in the preliminary stages and construction is not expected to start before 1990-1991.

H&R Properties will start construction of an 11 storey office tower at the northwest corner of Bay and Gerrard, in September. The total project will provide 228,000 sq.ft. of leasable space. The Ministry of The Attorney General has recently committed itself to a 10 year lease, at a rate of $19/sq.ft. net, for 8 storeys. The remainder of the space has been leased to other government agencies. This project is expected to be completed by late 1988.

Finally, The Chelsea Inn owns a site adjacent to its hotel, at Bay and Gerrard (southeast corner). There is still a question as to whether an office tower or another hotel should be built on the site. There is a potential for up to 375,000 sq.ft. of office space and the rent would be around $24/sq.ft. net.

8. 2195 YONGE STREET

At one time, Yonge/Eglinton was the major alternative to downtown/midtown as an office location. This situation has changed, with the large scale commercial development in the new suburban sub-centres, including Yonge/York Mills, Yonge/Sheppard and Yonge/Finch.

The Yonge/Eglinton market area has had relatively little office

construction in the past year, and that trend is not expected to change in the short term. The only new product to come on stream in the first half of 1987 was 70,000 sq.ft. at 40 Holly, and further east, 120,000 sq.ft. at 245 Eglinton East.

A potential office development at Eglinton Avenue and Duplex Avenue is proposed by Canada Square Corp. The project would involve 900,000 sq.ft. of office space in addition to 300 condominium units. At present there is disagreement between the City Planning Department and the developer as to the density applicable to the site. An OMB hearing has been set in November to resolve the matter.

The lack of new construction has reduced the local office vacancy rate to 6%. The rental rates for Class A office space in this area range between $16-$20/sq.ft. net. These rates are expected to remain stable within this market area.

Tenant inducements in these buildings are, on average, equivalent to two years' worth of rent. Typically, such inducements include tenant improvements, lease takeovers (whereby the landlord assumes the tenant's old lease), and free rent for a number of months.

The main attractions for office tenants in the Yonge/Eglinton market area include its proximity to the clerical, technical and managerial labour pool represented by the local residential communities, and the presence of the Yonge/Eglinton subway and bus station. The most important factor is likely the lower level of rents and higher level of

tenant inducements, in comparison to offerings in the downtown core.

Considering the lack of new construction as well as the lack of vacant land in the area, the Province's site will likely have only one competing project, namely the Canada Square proposal. If the Province decides to hold off selling its site, it is unlikely that the land will decrease in value, since little replacement product is expected.

9. ELLESMERE/McCOWAN

There has been an increasing demand for office space east of the Don Valley Parkway/Highway 404. As in many other suburban markets the attraction for tenants is the lower land prices that translate into lower rents. As well, suburban office locations avoid the congestion of downtown commuting.

The only recent major office development in this market area is the Consilium. The 670,000 first phase is 98% leased and a third phase which will involve 337,000 sq.ft. at a rental rate of $21-$23/sq.ft. net., is currently in the planning stage.

Magnolia Builders Ltd. owns a site at Consilium Place and Progress Avenue, which is in the process of being rezoned from industrial use to commercial use. The developers expect to get approvals for 1.2-1.3 million sq.ft., which will be either all office space or include a portion allocated to a hotel component. The project would come on

stream in 2 or 3 phases and would start once approvals are in place.

Even though most of the recent boom in office development in "Metro East" has been along Highway 404, there is no question that sites along Highway 401, such as the Consilium and the Province's site, can be just as competitive. Considering the strong demand for office space outside the downtown core and the present supply lag, the Province's site should find a receptive market.

Since there is relatively little competition planned, aside from the future phases of the Consilium and the Magnolia development, the present is a good time for the sale of the Province's site. Once interest rates start to creep upward, developers will discount the price they are willing to pay for an available site.

12. HIGHWAY 427/BURNHAMTHORPE

The "Metro West" area has experienced the most office construction of any other area in Metro Toronto. Even though vacancy rates are relatively high due to the lease up period of the many new projects, more projects are on the way.

The prime attraction for businesses is the access to Highway 427 and the proximity to the Lester B. Pearson Airport. Rental rate are relatively low, ranging between $12/sq.ft. and $16/sq.ft.

Among the developments under construction is the Mississauga City Centre. Approximately 800,000 sq.ft. are expected to come on stream by the end of the year, and later phases are expected to equal that amount.

York-Hannover is also involved in the area, developing 530 acres of land between Highway 401 and Eglinton Ave., west of Highway 427. The developers intend to build custom or multi-tenant offices on a purchase or lease basis. Given the size of the project, it is expected to be phased over the next 10-15 years.

It is highly likely that this area will continue to grow at the present rate, as ever increasing land prices force more large tenants out of the downtown core. Therefore, the Province should not be in any rush to sell-off its land at this particular site.

FUTURE DOWNTOWN OFFICE COMPETITION - 1990 TO 2000

There are several large parcels of land, inside and immediately outside the downtown core, which are presently vacant or under-developed. These sites represent a potential for over 15.5 million sq.ft. of office space coming on stream during the 1990's. This does not include the smaller sites across the downtown area which, in the aggregate, could contribute significantly to the volume of new space, in the same period.

Even though the Toronto office market has been characterized as being extremely tight, the development of these sites could cause a serious over-supply of office space. Furthermore, the timing of these projects could very well directly effect the viability of the Province's downtown office development sites.

Office space absorption in downtown Toronto for 1985 and 1986 was 1.94 million sq.ft. and 2.17 million sq.ft., respectively. Therefore, the following large sites alone represent approximately 7 years' worth of office space absorption, based on recent absorption rates.

The largest of these land parcels is known as the "Railway Lands", owned by C.N. and several other companies. The site is bounded by Yonge, Bathurst, Front, and Lakeshore Boulevard. Proposals for the development of this land include up to 6 million sq.ft. of office space. The Railway Lands will be developed systematically throughout

the 1990's.

The World Trade Centre, at Harbour and Yonge Streets, is a mixed-use development planned by York-Hannover, along with several partners. The office component will include 1.65 million sq.ft. of office space. Even though there are some financial and legal complications involved with the project, the development is expected to come on stream by 1992-93.

The vacant block bounded by Front, Simcoe, Wellington, and John, was bought by the Canadian Broadcasting Corporation in 1978, as the site for its new headquarters. Plans include a 1.8 million sq.ft. "Broadcast Centre", as well as 1.8 million sq.ft. of office space, a hotel, a retail mall, and approximately 250 condominium units. The total project is valued at $550 million. Construction of the project was recently awarded to Cadillac Fairview. However, the first phase of development would probably not come on stream before 1991.

Marathon Realty owns the vacant site adjacent to Roy Thomson Hall, at King and John Street. The development is presently being redesigned, although a plan including 1.17 million sq.ft. of office space has already been approved by the City. A date has not been set for the development of this site.

Bell Canada Enterprise Development (BCED) will soon break ground on its project at Bay and Front. The first phase of development will include 1.2 million sq.ft. of office space. Canada Trust is the lead tenant,

having leased 200,000 sq.ft. Phase II includes 800,000 sq.ft. of office space, planned for post-1992.

Markborough Properties Limited is currently in the process of obtaining approval from the City, for a 1.5 million sq.ft. office complex to be built south of Simpson's, on the two blocks bounded by Bay, Richmond, Yonge, and Adelaide. A 250,000 sq.ft. retail component is also part of the proposed project. Markborough expects to break ground by late 1988. The first phase of the project is expected to come on stream by 1991.

Cadillac-Fairview is planning a second office tower for the Eaton Centre. Construction of 1.5 million sq.ft. of office space is expected to begin in 1990, at the southeast corner of Bay and Dundas. The developer is anticipating a rental rate of $26/sq.ft. net.

The Massey-Ferguson site, at King and Strachan, is currently being redeveloped. A commercial office component of 1.35 million sq.ft., in addition to 3.68 million sq.ft. of high-tech industrial space, is planned for the site. Negotiations are still underway with developers who would buy parts of the project or develop the site jointly with Massey-Ferguson. Development on this site should carry on through to the late-1990's.

Obviously, not all of this competition may materialize, or be brought on stream at the same time. However, the commercial development community has a history of cyclical development patterns, in which

periods of lower vacancy levels are followed by overproduction and escalating vacancy levels. The large scale of major developments planned in and around the downtown area, creates a propensity to overproduce, also on a large scale. Overproduction, depresses rent levels, raises the level of tenant inducements and can reduce land prices.

An effective argument can be made for selling downtown office development land before the early 1990's, while the supply/demand equation is relatively favorable to land values. If a deal cannot be struck by that time, it would most likely be preferable to hold off the sale of land until the next development cycle. Typically, the cycle of increasing interest rates coupled with a recessionary economy, takes about 5-7 years to reach a point where business begins an upswing once again.

METRO TORONTO PROPERTY REVIEW

RETAIL MARKET CONTEXT

1. 90 HARBOUR STREET

Although the passing volumes of pedestrian and vehicular traffic would appear to be supportive, this is a marginal urban retail location. The site is caught in a curious back eddy of unfocused activity, a frustratingly short distance away from the main pedestrian flows to and from the waterfront. Its best retail flankage, York Street, lacks the pedestrian volumes of Bay Street.

Although located close to Harbourfront, the site cannot effectively be considered as a waterfront project. The mainstream of Harbourfront activity flows to the south and west of the property.

It does have several significant assets supportive of retail, including up to 700,000 square feet of office space (MTPR Scenario 2) and a potential linkage to the World Trade Centre, to the immediate east. The site's exposure to passing automobile traffic is very good, although the character of this traffic is not in itself supportive of retail business, except for a limited amount of resultant impulse shopping, attracted by window displays.

The site is exposed to more weekend pedestrian and vehicular traffic than is the case with sites in the downtown financial core. Its appeal for retailing is essentially at grade level only, focused primarily on York Street, unless a physical linkage can be made with the World Trade

Centre project. Such a linkage would create additional patronage for shops at 90 Harbour, but, in counterpoint would necessitate expanding its own office population to the adjoining World Trade Centre retail area.

This is not a site for a conventional, traffic intensive retail component. It would appear better suited as showroom space and specialty/destination retail. It could, for example, serve well as a showroom for automobiles, with the service facility located in a lower rent location, such as East Bayfront.

2. EAST BAYFRONT (LCBO AND OPP)

By any standard of measurement, this is a weak retail area. It is outside current and projected traffic concentrations, for both pedestrians and automobiles. Moreover, the proposed Toronto Star office building and the proposed Computer Centre will not generate a sufficient worker population to support larger scale retail developments. Weekend business is likely to be all but non-existent in this location, well to the east of the Harbourfront activity area. The waterfront development focus is gravitating to the west. The appeal of Queen's Quay as a retail address drops dramatically, to the east of Yonge Street.

Nothing in the way of future development indicated for the East Bayfront area beyond Jarvis Street indicates any significant support for retail development.

The nearby World Trade Centre will be largely self-contained, designed to internalize its own market for retail, from its office and condominium components.

The connection of the East Bayfront area to the St. Lawrence residential community, is tenuous, at best. East Bayfront is a somewhat isolated pocket, a backwater poorly suited to the traffic generation necessary for profitable retail development.

A combination of a Rare Wine Store, liquor store and beer store could provide the needed focal point for an automobile oriented retail facility and should be considered, if easily accessible and low cost parking can be associated with it.

In balance, the ability to provide retail development on the site will have ittle or no impact on either its development potential, timing or sales value.

4. <u>70 LOMBARD STREET</u>

Mid-block retail on a lightly travelled street cannot create a strong urban retail presence. Neither Lombard or Richmond Street East can be considered as good retail addresses. The general area is known mainly for its restaurants and camera shops. However, the Lombard site is 1 to 1-1/2 blocks out of the stream of traffic supporting the Queen and Church Street retail area. In the immediate area of the site, few buildings contain retail operations, other than service retail.

Some commercial space could be provided on either or both of Lombard and Richmond Street frontages of the site, but attainable retail rents will contribute little to the profitability of a project. A retail component will not enhance property value.

5. <u>145 QUEEN STREET WEST</u>

This site's retail potential is largely related to the cost and practicality of linking it with the subway and underground shopping mall network.

The site has some promise for grade level retail, although this is considered marginal. The grade level retail could take the form of restaurants, showrooms, gallerys or service retail.

The site's retail potential is assisted by the nearby Sheraton and

Westin Hotels. Still, however, the passing volume of pedestrian traffic is not high enough to support most high rental retail businesses. Vehicular volumes around the site are excellent, as is its potential for show window exposure to both vehicular and transit traffic. The site should also experience better weekend traffic than do sites located within the financial core.

However, its ultimate appeal as a retail location will be more related to its sub-grade potential, than to its at-grade potential. If the downtown underground mall network could extend through the site, linking the Queen Street subway station with the Westin Hotel and with the Sheraton Hotel, retail component could add value to the site.

The office towers will substantially assist in supporting the at grade retail area, but the underground link to the mall system is essential for the success of sub-grade retail. Without this underground link, an underground retail component at the site would be both unworkable and unmarketable.

7. EAST OF BAY

The Bay Street and Wellesley Street frontages of the East of Bay sites have limited retail potential, due to the relatively low volume of pedestrian traffic.

However, the Yonge Street frontage has excellent retail potential, a potential which can greatly influence the value of the Yonge Street

properties.

If the Yonge/Wellesley corner were not taken by the Opera Ballet, this would be a logical location for intensified retail development. If a decision were made to sell off the Yonge Street frontage, high land values would be attainable. However, these values do not extend further west along Wellesley Street or on Bay Street, notwithstanding the supportive presence of the Sutton Place Hotel and Queen's Park. Only Yonge Street can generate the pedestrian volumes needed to support the rents necessary to support high land costs.

8. 2195 YONGE STREET

North Yonge has been a gold mine for both retailers and building owners. However, this booming, upscale market is highly localized, with retail activity and rents generally highest north of Eglinton and east of Yonge. South on Yonge, particularly between Eglinton and Manor Road, the strip is a backwater, with limited activity. South of Manor Road, the area's popularity again increases, as it shifts from a transit orientation to a local market orientation, supplemented by on-street parking.

Most pedestrian traffic at Yonge and Eglinton is headed to the north and east, as people move between the subway and the large-scale apartment community in the northeast quadrant.

In the 2100 block, the east side attracts more pedestrian traffic than

does the Canada Square side. Canada Square is largely introspective and the TTC garage contributes nothing to street activity on the west side of Yonge.

On balance, the retail component of the 2195 Yonge site will prove helpful in the sale of the property but is not likely to add a premium to the land price.

9. ELLESMERE/MCCOWAN

Suburban retail facilities are generally as successful as their accessibility by automobile. Most suburban shoppers continue to travel to shops and services by car, even at transit nodes such as Scarborough Town Centre and North York City Centre.

Any new retail project must compete with the free parking provided at the regional malls and strip retail areas.

Although the McCowan/Ellesmere site would appear to benefit from its proximity to the Scarborough Town Centre, its off-side location will not appeal to most shoppers, as it will necessitate a special trip. This trip will only be considered worthwhile if a major user or special character retailing is located in the project, with the drawing power needed to pull people beyond normal walking and convenience distance.

Elsewhere in Metro, many retailers have thrived through feeding off regional mall traffic, by locating on nearby arteries. Lacking the

ability to attract the volume of shoppers in the malls, these businesses generally depend for their success on cheaper premises and lower rents.

At the Ellesmere/McCowan location, an adventuresome retail developer might try to compete with the Scarborough Town Centre. However, most experienced developers and retailers would not consider such a development unless rents were appropriately discounted.

In balance, a retail component of this site could prove beneficial to marketing of the land, but would not likely add significantly to the attainable land value.

10. 5000 YONGE STREET

The North York City Centre is not yet functioning as a true downtown, particularly in terms of sidewalk activity. The area is still dominated by its previous automobile and transit orientation. The present office and apartment densities are not sufficiently high to support extensive additions to the retail in the area. The sidewalks generally lack animation and most retail takes the form of either conventional strip retail focused on the motorized shopper or underground retail, focused on the subway traveller.

A retail development at 5000 Yonge could work both above and below grade, if it were tied to future development to the north and to Madison Centre to the south. Ideally, an underground network would

extend through the project, linking the Sheppard subway station to the Park Home subway station. This linkage would be all the more valuable if the Performing Arts Centre is developed, if the Board of Education property is re-developed.

At street level, the retail component will also work reasonably well, although it is unlikely to attract the volume of traffic that an underground mall could.

If the underground linkage were to end at 5000 Yonge, with no extension northward, the lack of through pedestrian traffic would greatly restrict the appeal of the subsurface retail area.

A prudent developer would plan for an underground retail area but would not likely anticipate a significant net revenue, until such time as the underground network is completed. For this reason, the site at present is likely to be only marginally more valuable, because of its underground retail area potential.

11. FALSTAFF/KEELE

This site has very limited retail potential, because of its poor and somewhat dangerous vehicular access from Keele Street. If, as is likely, the Keele Street intersection is closed, the roundabout access to the site from Keele Street would greatly reduce the appeal of a retail component and its land value. Beyond this, the site is not particularly well located to serve its residential neighbourhood,

either in terms of population density or centrality. Retail potential is not likely to stimulate the land value of this site.

12. <u>HWY 427/BURNHAMTHORPE</u>

This site has a fair potential for neighbourhood scaled retail development of an upscale character. The area is well served by regional retail facilities through Sherway and Cloverdale Malls. It is also fairly well served by the neighbourhood plazas scattered through western Etobicoke. However, its almost direct access to 427 and to Burnhamthorpe enhance its potential for specialty retail, for users wanting the high profile site, such as family restaurants.

A retail component will likely enhance the saleability of this property.

13. <u>LAKESHORE PSYCHIATRIC</u>

This site has good potential for better quality strip retail development. The retail strip is presently in a state of transition, generally lacking in quality and consistency. A well-designed and well-merchandized retail operation would have difficulty attracting business, in this setting.

A new, well designed and merchandized retail strip development would create a much stronger impression on consumers, and would likely attract a reasonably high quality of contemporary merchant.

This area of the Lakeshore is ready for an infusion of new retail activity, although the area's population base is not expanding.

Any retail business locating at this site must cater to the convenience of the motorist/shopper. This is not an area for walk-by trade, passing transit will not contribute significantly to the level of retail business. A larger strip retail component of the lakeshore site will prove to be readily saleable, and the larger, the better.

METRO TORONTO PROPERTY REVIEW

RESIDENTIAL MARKET CONTEXT

1. 90 HARBOUR STREET

Waterfront housing sites have become the most sought after real estate commodity in Metro Toronto. Water oriented condominium projects have been virtual overnight sales successes. Although not a true waterfront site, Harbour Street can share in the effects of the clamour for sites and the resultant upward pressure on land prices.

Water views are an essential ingredient of the popularity of waterfront condominiums. The 90 Harbour Street site provides an unobstructed window of the harbour, to the south, albeit a narrow range view.

The site would likely justify land values somewhere between those currently being paid for waterfront sites and for downtown core sites.

As a residential site, 90 Harbour would be something of an island, in a sea of predominantly commercial activity, laced with arterial roadways and the Gardiner Expressway. It is not considered an appropriate site for family housing or for seniors' housing, because of the volume and high speed of passing traffic and the lack of residential community infrastructure.

However, this is an appropriate site for either luxury condominium or luxury rental housing, serving those people to whom downtown

convenience overrides the requisites of the more traditional residential neighbourhood context.

Condominiums on this site will have a strong appeal to investors, who compose up to 70% of the downtown condominium market, and to corporate buyers. It offers an ideal walk to work capability, and will provide a relatively secure investment for people looking for long term value appreciation.

Mixed-use development would also be acceptable on the site, inasmuch as the site is large enough to provide reasonably good separation between the residential and the commercial towers, for privacy and for identification of the condominium or rental component.

The Province can expect some criticism if the site is developed for housing. It may be perceived of as adding to Harbourfront's density and congestion problems. In fact, the site is unlikely to contribute to the Queen's Quay congestion problem, as the Lakeshore is relatively free flowing, on both sides of the site.

The Province may be well advised to let the dust of the Harbourfront density and congestion controversy settle, before making application for residential development of the site.

2. <u>EAST BAYFRONT</u> (LLBO and OPP Properties)

This is not a particularly desirable housing site. It is isolated from the mainstream of waterfront residential development activity, and is generally perceived as being part of an industrial area.

The site would be particularly inappropriate for housing if the new Toronto Star printing plant is developed on the larger part of the property.

The site has a weak connection to the St. Lawrence neighbourhood, with the Gardiner Expressway forming a major intimidating barrier to such linkage.

The Avro Groups' plans for the development of MT27, across Queen's Quay from the site, remain uncertain. If this large scale project takes on a primarily residential character, it will provide some rationale for residential development on the westerly (i.e., LCBO) portion of the two Provincial sites.

The huge Redpath Sugars plant facing the site remains the key obstacle to the logic of residential development on the East Bayfront site. The site will continue to be best suited to non-residential uses, unless and until Redpath moves. If the plant were demolished, clear views of the harbour would result. Such a move appears highly unlikely, however. The eastern (OPP) end of the site does provide excellent views of the harbour and the Toronto Islands. However, it is too

remote for a housing site.

The nearby World Trade Centre condominiums have been well received by the consuming public. Unfortunately, the one block of distance between the Provincial lands and the World Trade Centre is discontinuous, because of the No. 1 Yonge Street office building (Toronto Star/Bramalea).

If residential development is to be considered on the combined LCBO/OPP site, it should be considered only at the western end, and only if the new Toronto Star printing plant development does not proceed.

Although marginally better suited to families than 90 Harbour Street, this would not be an advisable site for either assisted family housing or for seniors housing. The Province could expect intense opposition from local industries if any plans for housing are announced for the site.

If a portion of the site is to be used for housing, the site should be valued similar to City core housing values, but below waterfront values.

4. 70 LOMBARD STREET

On balance, this site is fairly well suited to urban residential development. There are significant apartment development precedents in the area, including the Market Square condominiums, the Berkeley condominiums at Adelaide and Church and the St. James Square condominiums at Adelaide and Jarvis. There is also a small condominium project immediately to the east of the subject property, on Lombard Street. An assisted rental program development is located to the south and east of the site, running between Lombard and Adelaide.

Precedent developments notwithstanding, the area has a limited residential support infrastructure, lacking a grocery store, for example.

Condominium developments are generally more successful when located away from other tall buildings, on corners, for the views, light penetration and identification which such sites can offer. However, downtown sites are in exceptionally short supply and a mid-block location such as this would be acceptable for either moderately priced condominiums or any form of assisted housing.

The site is particularly well suited to cooperative housing and negotiations with a cooperative developer should be pursued.

Residential development at this site should be non-controversial, although some opposition may be expected from buyers of the condominium

project next door to the site, some of whom have been assured by salespeople that the office of the Chief Elections Officer (70 Lombard) will remain in its present location.

5. 145 QUEEN STREET WEST

This is an excellent and prestigious downtown site for luxury housing, whether condominium or rental. The site is characterized by its high profile, excellent transit access, views over Osgoode Hall, proximity to the financial district and to City Hall.

The Four Seasons and Westin Hotels provide a quasi-residential environment for housing on the site. Queen Street and University Avenue are both considered good, respected addresses.

Condominiums developed on this site would attract a top dollar, equivalent to prices being obtained on the waterfront. However, condominiums cannot compete on an equal basis with commercial land, for land prices. Residential development on the 145 Queen Street site would likely constitute a serious underuse of the property, and ignoring attainable commercial real estate values.

Mixed use residential/commercial development is a possibility on the site, but privacy could be difficult to provide for the condominium tower, unless a horizontally integrated structure were designed, similar to the Wellington condominium and office tower, at Wellington and Scott Street, opposite Berczy Park.

Developers have not responded well to the City's call for mixed use development on downtown core sites. Generally, most developers would prefer that residential and commercial buildings be developed separately, with as much distance separation as possible. Vertical integration has not proven popular amongst developers, because of the marketing, legal, design and cost problems which it causes. Separate towers are much preferred.

The City's policies on density transfer are currently under review, but residential density rights are a valuable commodity downtown, if a recipient site can be found which is satisfactory to city planners and politicians. Such sites have become very difficult to locate.

As a condominium site, 145 Queen would be very popular with owner-residents, with investors, with corporate users, with the legal and financial community and with international buyers.

Potentially, this is one of the highest profile sites in the city.

For this reason, residential development on the site would likely achieve little benefit for the Province, as its most likely form top luxury condominiums, would contribute little to solving the affordable housing crisis. On the other hand, to develop any form of social housing on this site would be to squander a particularly valuable piece of land and to deny the excellent full revenue potential of the site, derived from commercial uses.

6. ARMOURY/CHESTNUT

Were it not the planned location of the courthouse facilities, this would be a very good housing site. A partially residential environment is taking shape in the area, with condominiums to the north, Cityhome to the northeast and the quasi-residential Holiday Inn to the east. The site is well supplied with community infrastructure, including hospitals, shopping facilities, (except for a grocery store), public transportation. It has excellent walk to work potential. The apartments could offer good views to the south, over Osgoode Hall, but would offer only obstructed views to the west, north and east.

This would be a suitable site for any form of social housing and would likely prove politically acceptable. It would also provide an opportunity to further serve the ethnic market, particularly the Chinese community. Residential land values here would likely be similar to those on the East of Bay holdings.

7. EAST OF BAY

Each of the housing sites in the East of Bay land assembly has excellent potential as an urban lifestyle environment, as a contribution to community housing needs and for good community planning. The slated residential sites have midtown convenience, including great accessibility and transit access and first rate proximity to downtown jobs.

There are many recent and past precedents for residential development in the area, ranging from small suite and large suite condominiums, to a very large inventory of highrise rental apartments. The sites also have good community infrastructure, including the YMCA, Yonge Street shops and services, hospitals, the University of Toronto, and Queen's Park itself.

East of Bay is well suited to any form of new residential development, including seniors and assisted housing.

The suitability of the area for raising young families is debatable, depending on attitudes towards the highrise environment for family rearing. The midtown and downtown markets for non-family accommodation, both assisted and unassisted, have an almost insatiable need for more housing production. Hopefully, family housing can be provided elsewhere, in lower rise environments, closer to schools and on quieter streets.

Bay Street has become a relatively prestigious address for housing, as evidenced by the condominium sales success stories at 1001 Bay, Polo Clubs I and II, 1166 Bay, and on Grenville Avenue.

Midtown has become the second hottest condominium market in Metro, (following the waterfront).

Residential development of the East of Bay sites should be politically and publicly advantageous, given their high visibility to the public

and expressed desires by the City of Toronto for more housing on the Provincial lands..

8. 2195 YONGE

Yonge/Eglinton is the heart of the pulsing north Toronto community. This is a relatively smooth functioning, popular community, housed in a a wide variety of housing types and prices, appealing to all age groups, particularly to seniors, professional working couples and individuals.

The area has an excellent community infrastructure, from shopping to schools to transportation to employment sources.

North Toronto also has a dramatic shortage of buildable housing sites, in the face of one of the lowest community vacancy factors in the City.

The 2195 Yonge Street site has the strong advantage of being located directly across Yonge Street from the subway station. This is one of the few areas of the City of Toronto where a vertical mixing of housing and offices has been successfully achieved (numbers 20 and 40 Holly Street). In the Yonge/Eglinton community as a whole, there is a good and working integration of residential and non-residential uses, in a comparatively compatible environment.

There may be better sites than 2195 Yonge in terms of unobstructed views from apartment towers, privacy, quietness and separation of uses.

However, there are few better sites in terms of overall desirability and convenience of location.

North Toronto is characterized, in part, by a high degree of community loyalty. People would rather stay in the community than move, as their housing needs change. Many residents, particularly empty nesters, are over-housed and would welcome an opportunity to move to rental or condominium accommodation, after selling their family homes. However, no replacement housing is being offered to them in North Toronto. Such development is badly needed.

9. <u>ELLESMERE/McCOWAN</u>

This is a logical and highly desirable site for residential development, either in whole or in part. It would be equally suitable for sale or rental housing, assisted or unassisted, public or private.

The proximity of the LRT and the Scarborough Town Centre are major assets, unequalled elsewhere in East Metro. The Town Centre area features a high quality of development, and has the makings of a well integrated, well performing City Centre. Mid- or high-rise views from the residential component of the Provincial site should be panoramic and the supportive community infrastructure is also favourable.

The site is large enough to effectively mix condominium housing with assisted housing, such as seniors' apartments without creating marketing problems for the condominiums.

Residential development on the site should also be well received politically, as good housing sites are very difficult to find in mid-Scarborough.

The land value attributable to the residential component will be as high as any in the suburban Metropolitan area, with the exception of the Yonge/Sheppard/Finch corridor.

10. <u>5000 YONGE STREET</u>

Builders are hard pressed to keep up with the demand for small and mid sized condominium apartments in the Yonge Street corridor, from Sheppard to Finch. The accessibility of the area by transit and automobile sets it apart from any other part of North Metro. It has generally good infrastructure, including shops and services, transportation, government offices, community facilities, and schools. This is an ideal housing location for empty nesters, retirees, seniors, singles, and childless couples. The Yonge/Sheppard node attracts people from beyond the usual 3 to 5 mile radius of influence experienced in most condominium projects, due to its centrality and convenience.

The siting proposed by the MTPR, with the housing component moved to the western side of the property, will reinforce the residential environment and remove the possible nuisance to residents of Yonge

Street traffic noise.

The location of the Performing Arts Centre on the property will also prove to be a marketing asset for the housing, in terms of the image of the development, its relatively low height and consequent limited impact on views, as well as the opportunity to enjoy and support live theatre.

This is a fine location for any form of highrise housing, public or private, assisted or unassisted, sales or rental.

The site is large enough for the companion office development proposed to exist in relative harmony with the residential component. The parking facilities provided for the commercial buildings and Performing Arts Centre could also provide parking for apartment visitors, although this will not likely be required.

Residential land values in the Yonge and Sheppard area are the highest in suburban Metro, with the exception of the West Metro waterfront. Moreover, there are good long term prospects for residential land value appreciation, given the unique characteristics of the City Centre area and the shortage of multiple housing sites in North York.

11. **FALSTAFF/KEELE**

This is a logical site for primarily low density residential development, compatible with the adjoining neighbourhood. It would appear to be most appropriate that the property be developed as single family lots, and sold to house builders.

Some consideration should also be given to developing a portion of the site as seniors' housing, with an emphasis on serving the surrounding ethnic communities. However, as shopping facilities in the area are in short supply, the site may be better suited to seniors' housing providing health care and full services.

Development of the site for highrise condominiums or rental apartments would not likely be advisable, in anticipation of strong community opposition to such a form of development.

12. **HWY 427/BURNHAMTHORPE**

This site should be developed either on an all-residential basis, or for mixed residential and commercial uses. There is ample precedent for both forms of development along the Hwy 427 corridor, and both have proven to be successful.

The most marketable form of residential development for the site would likely be condominiums, in light of the shortage of apartment sites in Etobicoke and the need for trade-over housing for residents in the

area.

The site is large enough to accommodate both residential and commercial uses, with good separation between. This is not the best site for prestigious, high priced condominiums. Rather developers would likely market smaller, mid priced condominiums, for the broader market at this highway side location.

Such ownership housing should be politically acceptable to Etobicoke, where many existing residents have a paranoic fear of assisted housing being developed in their neighbourhoods.

This would also be a good site for quality rental accommodation, which is in particularly short supply in central Etobicoke.

13. LAKESHORE PSYCHIATRIC

There can be no disputing the logic of residential development on this seriously underused site. Were it not for anticipated resident opposition, this could be the site for several thousand units of housing. However, appreciating community and political objectives the MTPR is suggesting a maximum of 1200 units, (MTPR II scenario), leaving most of the site open, as parkland.

Ideally, the water's edge of the property would have been the site of highrise development, similar to that proposed for the Lakeshore motel strip, and at Harbourfront.

The community is well supplied with established infrastructure, including retail, institutional, job sources, arterial roadways and public transit, and provides a solid, mature residential community environment.

The area is particularly well suited for assisted housing, although the community is unfortunately most reluctant to accept any form of public housing, with the possible exception of seniors' housing.

Land values for residential uses on the property are and will remain, relatively high, particularly for buildings providing waterfront views.

SITE #1 90 HARBOUR STREET

I. CURRENT ZONING SCENARIO

1. Site Data

Site area - 2.49 acres (108,290 sq.ft.)

FSI of development scheme = 3.0 X

2. Land Uses and Land Value Estimates

		Index	Land Value
Commercial office building	324,870 sq.ft.	$50/sq.ft.	$16,243,500
Demolition	166,000 sq.ft.	$ 5/sq.ft.	($ 830,000)

3. Estimated Total Land Value $15,413,500

SITE #1   90 HARBOUR STREET

II. MTPR (A) SCENARIO - MIXED USE

1. Site Data

Site area - 2.49 acres (108,290 sq.ft.)

FSI of development scheme = 6.93 X

2. Land Uses and Land Value Estimates

		Index	Land Value
Commercial office building	485,000 sq.ft.	$50/sq.ft.	$24,250,000
Retail	50,000 sq.ft.	$50/sq.ft.	$ 2,500,000
Condominiums (1000 gr.sq.ft./unit)	215 units	$40,000/unit	$ 8,600,000
Total development	750,000 sq.ft.		
Demolition	166,000 sq.ft.	$ 5/sq.ft.	($ 830,000)

3. Estimated Total Land Value $34,520,000

Note: The MTPR (A) Scenario is consistent with the density achieved on neighbouring sites and therefore is assumed to represent the market value of the land.

SITE #1 90 HARBOUR STREET

III. MTPR (B) SCENARIO - ALL COMMERCIAL

1. Site Data

Site area - 2.49 acres (108,290 sq.ft.)

FSI of development scheme = 6.93 X

2. Land Uses and Land Value Estimates

		Index	Land Value
Commercial office building (A)	400,000 sq.ft.	$50/sq.ft.	$20,000,000
Commercial office building (B)	300,000 sq.ft.	$50/sq.ft.	$15,000,000
Retail	50,000 sq.ft.	$50/sq.ft.	$ 2,500,000
Total development	750,000 sq.ft.		
Demolition	166,000 sq.ft.	$ 5/sq.ft.	($ 830,000)

3. Estimated Total Land Value $36,670,000

SITE #2 EAST BAYFRONT - LCBO PROPERTIES

I. CURRENT ZONING SCENARIO

1. Site Data

Site area - 11.4 acres (496,584 sq.ft.)
FSI of current zoning = 12 X (industrial use)

2. Land Uses and Land Value Estimates

		Land Value Index	Land Value
Quasi-comm.	469,584 sq.ft. of land	$75/sq.ft. of land	$35,218,800
LCBO offices	66,000 net leasable sq.ft.	$130/sq.ft.	$ 8,580,000
Demolition	419,600 sq.ft.	$ 5/sq.ft.	($ 2,098,000)

3. Estimated Total Land Value $41,700,800

Notes: The estimated market value of the land is based on this scenario.

The LCBO offices are assumed to have an efficiency of 75%, therefore the 88,000 gross sq.ft. result in 66,000 net leasable sq.ft.

Based on a footprint of 22,000 sq.ft., it is assumed that the office building uses 27,000 sq.ft. of land.

The current zoning scenario is in accordance with expected interim control by-law.

MTPR September, 1987

SITE #3   EAST BAYFRONT - OPP PROPERTIES

I. CURRENT ZONING SCENARIO

1. Site Data

Site area - 4.1 acres (178,596 sq.ft.)

FSI of current zoning = 12 X (industrial use)

2. Land Uses and Land Value Estimates

		Index	Land Value
Quasi-comm.	178,596 sq.ft. of land	$75/sq.ft. of land	$13,394,700
Demolition	88,350 sq.ft.	$ 5/sq.ft.	($ 441,750)

3. Estimated Total Land Value — $12,952,950

Combined Estimated Value of East Bayfront Sites — $54,653,750

Notes: The estimated market value of the land is based on this scenario.

The current zoning scenario is in accordance with the expected interim control by-law.

MTPR September, 1987

SITE #2 EAST BAYFRONT - LCBO PROPERTIES

II. MTPR SCENARIO (B2) - TORSTAR/QUASI-COMMERCIAL

1. Site Data

Site area - 11.4 acres (496,584 sq.ft.)

FSI of current zoning = 12 X (industrial use)

2. Land Uses and Land Value Estimates

		Land Value Index	Land Value
Torstar plant	496,584 sq.ft.	$12/sq.ft.of land	$ 5,959,000
Demolition	507,600 sq.ft.	$ 5/sq.ft.	($ 2,538,000)

3. Total Land Value $ 3,421,000

SITE #3 EAST BAYFRONT - OPP PROPERTIES

II. MTPR SCENARIO (B2) - TORSTAR/QUASI-COMMERCIAL

1. Site Data

Site area - 4.1 acres (178,596 sq.ft.)

FSI of current zoning = 12 X (industrial use)

2. Land Uses and Land Value Estimates

		Index	Land Value
Torstar plant	178,596 sq.ft.	$12/sq.ft. of land	$ 2,143,152
Quasi-comm.	1,000,000 sq.ft.	$20/sq.ft.	$20,000,000
Demolition	88,350 sq.ft.	$ 5/sq.ft.	($ 441,750)

3. Estimated Total Land Value $21,701,402

Combined Estimated Value of East Bayfront Sites $25,122,402

Note: The value of the quasi-commercial space is based on air-rights and not land rights.

MTPR September, 1987

SITE #4 70 LOMBARD STREET

I. CURRENT OFFICIAL PLAN SCENARIO

1. Site Data

Site area - .54 acres (23,479 sq.ft.)

FSI of development scheme = 4.0 X

2. Land Uses and Land Value Estimates

		Index	Land Value
Condominiums (1000 gr.sq.ft./unit)	75 units	$30,000/unit	$ 2,250,000
Demolition	25,000 sq.ft.	$ 5/sq.ft.	($ 125,000)

3. Estimated Total Land Value $ 2,125,000

Note: The estimated current market value of the property is based on this scenario.

SITE #4   70 LOMBARD STREET

II. MTPR (A) - CURRENT OFFICIAL PLAN SCENARIO

1. Site Data

Site area - .54 acres (23,479 sq.ft.)

FSI of development scheme = 4.0 X

2. Land Uses and Land Value Estimates

		Index	Land Value
Coop Apartments (920 gross sq.ft./unit)	102 units	$12,000/unit	$ 1,224,000
Demolition	25,000 sq.ft.	$ 5/sq.ft.	($ 125,000)

3. Estimated Total Land Value

$ 1,099,000

III. MTPR (B) - AMENDED OFFICIAL PLAN SCENARIO

1. Site Data

FSI of development scheme = 5.0 X

2. Land Uses and Land Value Estimates

		Index	Land Value
Coop apartments (920 gross sq.ft./unit)	126 units	$12,000/unit	$ 1,512,000
Demolition	25,000 sq.ft.	$ 5/sq.ft.	($ 125,000)

3. Estimated Total Land Value

$ 1,387,000

MTPR September, 1987

SITE #5 145 QUEEN STREET WEST

I. CURRENT ZONING SCENARIO

1. Site Data

Site area - 1.75 acres (76,230 sq.ft.)

FSI of development scheme = 12.0 X

2. Land Uses and Land Value Estimates

		Index	Land Value
Commercial space	610,000 sq.ft.	$90/sq.ft.	$54,900,000
Condominium (1000 gr.sq.ft./unit)	283 units	$45,000/unit	$12,735,000
Total development	915,000 sq.ft.		
Demolition cost	85,000 sq.ft.	$ 5/sq.ft.	($ 425,000)

3. Estimated Total Land Value $67,215,000

Note: The estimated market value of the land is based on this scenario.

MTPR September, 1987

SITE #5   145 QUEEN STREET WEST

II. MTPR (A) SCENARIO

1. Site Data

Site area - 1.75 acres (76,230 sq.ft.)

FSI of development scheme = 14.0 X

2. Land Uses and Land Value Estimates

Commercial		Land Value Index	Land Value
Commercial office building	515,000 sq.ft.	$90/sq.ft.	$46,350,000
Government office building	500,000 sq.ft.	$90/sq.ft.	$45,000,000
Ground floor retail	50,000 sq.ft.	$90/sq.ft.	$ 4,500,000
Total development	1,065,000 sq.ft.		
Demolition cost	85,000 sq.ft.	$ 5/sq.ft.	($ 425,000)

3. Estimated Total Land Value $95,425,000

Estimated land value net of government office building $50,425,000

SITE #5   145 QUEEN STREET WEST

III. MTPR (B) SCENARIO - (INCLUDING A,B,C'S)

1. Site Data

Site area - 1.75 acres (76,230 sq.ft.)

FSI of development scheme = 14.0 X

2. Land Uses and Land Value Estimates

Commercial

		Index	Land Value
Commercial office building	435,000 sq.ft.	$90/sq.ft.	$39,150,000
Government office building	430,000 sq.ft.	$90/sq.ft.	$38,700,000
Ground floor retail	50,000 sq.ft.	$90/sq.ft.	$ 4,500,000
Agencies, Boards, and Commissions	150,000 sq.ft.	$90/sq.ft.	$13,500,000
Total development	1,065,000 sq.ft.		
Demolition cost	85,000 sq.ft.	$ 5/sq.ft.	($ 425,000)

3. Estimated Total Land Value $95,425,000

Estimated land value, net of government offices and "ABC's" $43,225,000

MTPR September, 1987

IV. MTPR (C) - "FALL-BACK" SCENARIO

1. Site Data

Site area - 1.75 acres (76,230 sq.ft.)

FSI of development scheme = 12.0 X

2. Land Uses and Land Value Estimates

Commercial		Land Value Index	Land Value
Commercial office building	435,000 sq.ft.	$90/sq.ft.	$39,150,000
Government office building	430,000 sq.ft.	$90/sq.ft.	$38,700,000
Ground floor retail	50,000 sq.ft.	$90/sq.ft.	$ 4,500,000
Total development	915,000 sq.ft.		
Demolition cost	85,000 sq.ft.	$ 5/sq.ft.	($ 425,000)

3. Estimated Total Land Value $81,925,000

Estimated land value net of government office building $43,225,000

SITE #6 ARMOURY/CHESTNUT

I. CURRENT ZONING SCENARIO

1. Site Data

Site area - 1.64 acres (71,265 sq.ft.)
FSI of development scheme = 7.8 X

2. Land Uses and Value Estimates

Commercial office building	320,000 sq.ft.	$60/sq.ft.	$19,200,000
Condominiums (1000 gr.sq.ft./unit)	235 units	$35,000/unit	$ 8,225,000
Total development	555,000 sq.ft.		

3. Estimated Total Land Value $27,425,000

Note: The estimated market value of the land is based on this scenario.

II. MTPR SCENARIO

1. Site Data

FSI of development scheme = 8.84 X

2. Land Use

81 courtroom and ancillary facilities - 630,000 sq.ft. $27,425,000

Note: This is a token value which represents the opportunity cost of the Courthouse

MTPR September, 1987

SITE #7 EAST OF BAY

I. CURRENT ZONING SCENARIO

1. Site Data

Each block is valued according to its specific zoning.

2. Land Use and Land Value Estimates

Block #1	Condominium	11 units	$40,000/unit	$ 440,000
Block #2	Condominium	72 units	$40,000/unit	$ 2,880,000
Block #3	Condominium	228 units	$40,000/unit	$ 9,120,000
Block #4	Condominium	72 units	$40,000/unit	$ 2,880,000
Block #5	Condominium	27 units	$40,000/unit	$ 1,080,000
Block #6	Condominium	129 units	$40,000/unit	$ 5,160,000
	Office building	134,000 sq.ft.	$60/sq.ft.	$ 8,040,000
	Yonge St. properties	85 ft. frontage	$80,000/ft.frt.	$ 6,800,000
Demolition		138,800 sq.ft.	$ 5/sq.ft.	($ 694,000)

3. Estimated Total Land Value $35,706,000

Note: All condominium units are 1000 gross sq.ft./unit.

MTPR September, 1987

SITE #7 EAST OF BAY

II. MTPR (A) SCENARIO

1. Site Data

Site area - 6.38 acres (277,910 sq.ft.)

Residential density (FSI) calculated based on
existing property sites = 7.80 X (excluding Block #6)

2. Land Uses and Estimated Land Values

		Index	Land Value
Block #1			
Coop (CHF) (920 gr.sq.ft./unit)	157 units	$12,000/unit	$ 1,884,000
Const. cost of Credit Union space	19,000 sq.ft.	$50/sq.ft.	($ 950,000)
Net estimated land value			$ 934,000
Block #2			
Non-profit (Singles)	95 units	$12,000/unit	$ 1,140,000
Block #3			
Condominium (1000 gr.sq.ft./unit)	228 units	$40,000/unit	$ 9,120,000
or			
Rental (920 gr.sq.ft./unit)	248 units	$20,000/unit	$ 4,960,000
Block #4			
Condominium (1000 gr.sq.ft./unit)	378 units	$40,000/unit	$15,120,000

Block #5

Cityhome (920 gr.sq.ft./unit)	154 units	$12,000/unit	$ 1,848,000

Block #6

Ballet/Opera		--	--
Commercial office building	500,000 sq.ft.	$60/sq.ft.	$30,000,000

Alternative for Ballet/Opera portion of block :

Condominium (1000 gr.sq.ft./unit)	400 units	$40,000/unit	$16,000,000
Seniors apts (800 gr.sq.ft./unit)	180 units	$12,000/unit	$ 2,160,000
Sale of Yonge St. properties	85 ft. frontage	$80,000/ft.frt.	$ 6,800,000
Estimated total value of alternative use			$24,960,000
Demolition cost	138,800 sq.ft.	$ 5/sq.ft.	($ 694,000)

3. Estimated Total Land Value

With the Ballet/Opera :

Assuming Block #3 residential is condominium	$57,468,000
Assuming Block #3 residential is rental	$53,308,000

With alternative use of Ballet/Opera portion of the site :

Assuming Block #3 residential is condominium	$82,428,000
Assuming Block #3 residential is rental	$78,268,000

SITE #7 EAST OF BAY

III. MTPR (B) SCENARIO

1. Site Data

Site area - 6.38 acres (277,910 sq.ft.)

Residential density (FSI) calculated based on existing property sites = 7.08 X (excluding Block #6)

2. Land Uses and Estimated Land Values

		Index	Land Value
Block #1			
Coop (CHF) (920 gr.sq.ft./unit)	190 units	$12,000/sq.ft.	$ 2,280,000
Const. cost of Credit Union space	19,000 sq.ft.	$50/sq.ft.	($ 950,000)
Net estimated land value			$ 1,330,000
Block #2			
Non-profit (Singles)	95 units	$12,000/unit	$ 1,140,000
Block #3			
Coop generic 920 gr.sq.ft./unit	260 units	$12,000/unit	$ 3,120,000
Block #4			
Condominium (1000 gr.sq.ft./unit)	240 units	$40,000/unit	$ 9,600,000

Block #5

Cityhome (920 gr.sq.ft./unit)	150 units	$12,000/unit	$ 1,800,000

Block #6

Public park	1.2 acres	--	--
Ballet/Opera		--	--
Commercial office building	500,000 sq.ft.	$60/sq.ft.	$30,000,000

Alternative for "public-use" (park and Ballet/Opera) portion of block :

Condominium (1000 gr.sq.ft./unit)	400 units	$40,000/unit	$16,000,000
Seniors apts (800 gr.sq.ft./unit)	180 units	$12,000/unit	$ 2,160,000
Sale of Yonge St. properties	85 ft. frontage	$80,000/ft.frt.	$ 6,800,000
Estimated total value of alternative use			$24,960,000
Demolition cost	178,800 sq.ft.	$ 5/sq.ft.	($ 694,000)

3. Estimated Total Land Value

With Ballet/Opera and public park	$46,296,000
With alternative use of Ballet/Opera portion of the site	$71,256,000

MTPR September, 1987

nblc

SITE #7 EAST OF BAY

IV. PRIVATE SECTOR REZONING SCENARIO

1. Site Data

Each block is valued according to an achievable density of 7.8 X

2. Land Use and Land Value Estimates

Block #1	Condominium	57 units	$40,000/unit	$ 2,280,000
Block #2	Condominium	72 units	$40,000/unit	$ 2,880,000
Block #3	Condominium	228 units	$40,000/unit	$ 9,120,000
Block #4	Condominium	378 units	$40,000/unit	$15,120,000
Block #5	Condominium	141 units	$40,000/unit	$ 5,640,000
Block #6	Condominium	545 units	$40,000/unit	$21,800,000
	Office building	500,000 sq.ft.	$60/sq.ft.	$30,000,000
	Yonge St. properties	85 ft. frontage	$80,000/fr.frt.	$ 6,800,000
Demolition		138,800 sq.ft.	$ 5/sq.ft.	($ 694,000)

3. Estimated Total Land Value $92,946,000

Notes: This scenario reflects the density achieved by neighbouring developments and therefore reflects the market value of the land.

All condominium units are 1000 gr.sq.ft./unit.

MTPR September, 1987

V. CITY OF TORONTO PLANNING DEPARTMENT SCENARIO

1. Site Data

Site area - 6.38 acres (277,910 sq.ft.)

Residential density (FSI) calculated based on existing property sites = 6.68 X (excluding Block #6)

2. Land Uses and Estimated Land Values

		Index	Land Value
Block #1			
Coop (CHF) (920 gr.sq.ft./unit)	152 units	$12,000/unit	$ 1,824,000
Const. cost of Credit Union space	19,000 sq.ft.	$50/sq.ft.	($ 950,000)
Net estimated land value			$ 874,000
Block #2			
Non-profit (Singles)	65 units	$12,000/unit	$ 780,000
Block #3			
Rental (920 gr.sq.ft./unit)	360 units	$15,000/unit	$ 5,400,000
Block #4			
Condominium (1000 gr.sq.ft./unit)	180 units	$40,000/unit	$ 7,200,000

Block #5

Cityhome (920 gr.sq.ft./unit)	100 units	$12,000/unit	$ 1,200,000

Block #6

Public park	1.4 acres	--	--
Ballet/Opera		--	--
Office building	500,000 sq.ft.	$50/sq.ft.	$25,000,000
Demolition cost	138,800 sq.ft.	$ 5/sq.ft.	($ 694,000)

3. Estimated Total Land Value $39,760,000

SITE #8 2195 YONGE STREET

I. CURRENT ZONING SCENARIO

1. Site Data

Site area - 1.92 acres (83,722 sq.ft.)
FSI of development scheme = 5.00 X

2. Land Uses and Estimated Land Values

			Index	Land Value
Commercial office building		320,000 sq.ft.	$50/sq.ft.	$16,000,000
Ground floor retail		20,000 sq.ft.	$50/sq.ft.	$ 1,000,000
Total commercial development		340,000 sq.ft.		$17,000,000
Condominiums	(1000 gr.sq.ft./unit)	46 units	$30,000/unit	$ 1,380,000
Demolition cost		156,000 sq.ft.	$ 5/sq.ft.	($ 780,000)

3. Estimated Total Land Value $17,600,000

Notes: The market value of the land is based on this scenario.

The Provincial Government will be a tenant in the proposed development, leasing 35,000 sq.ft. of office space.

MTPR September, 1987

SITE #8 2195 YONGE STREET

II. MTPR (A) SCENARIO

1. Site Data

Site area - 1.92 acres (83,722 sq.ft.)
FSI of development scheme = 5.00 X

2. Land Uses and Estimated Land Values

		Index	Land Value
Commercial office building	320,000 sq.ft.	$50/sq.ft.	$16,000,000
Ground floor retail	20,000 sq.ft.	$50/sq.ft.	$ 1,000,000
Total commercial development	340,000 sq.ft.		$17,000,000
Seniors' housing (800 gr.sq.ft./unit)	125 units	$12,000/unit	$ 1,500,000
Demolition cost	156,000 sq.ft.	$ 5/sq.ft.	($ 780,000)

3. Estimated Total Land Value $17,720,000

Note: The Provincial Government will be a tenant in the proposed development, leasing 35,000 sq.ft. of office space.

SITE #8 2195 YONGE STREET

III. MTPR (B) - REZONING SCENARIO

1. Site Data

Site area - 1.92 acres (83,722 sq.ft.)

FSI of development scheme = 6.00 X

2. Land Uses and Estimated Land Values

		Index	Land Value
Commercial office building	320,000 sq.ft.	$50/sq.ft.	$16,000,000
Ground floor retail	20,000 sq.ft.	$50/sq.ft.	$ 1,000,000
Total commercial development	340,000 sq.ft.		$17,000,000
Seniors' housing (800 gr.sq.ft./unit)	250 units	$12,000/unit	$ 3,000,000
Demolition cost	156,000 sq.ft.	$ 5/sq.ft.	($ 780,000)

3. Estimated Total Land Value $19,220,000

Note: The Provincial Government will be a tenant in the proposed development, leasing 35,000 sq.ft. of office space.

SITE #9 ELLESMERE/McCOWAN

I. CURRENT ZONING SCENARIO

1. Site Data

Site area - 9.0 acres (392,040 sq.ft.)

2. Land Uses and Land Value Estimates

		Land Value Index	Land Value
Commercial office space	785,000 sq.ft.	$15/sq.ft.	$11,775,000
Condominium (1300 gr.sq.ft./unit)	225 units	$23,000/unit	$ 5,175,000

3. Estimated Total Land Value $16,950,000

Note: The estimated market value of the land is based on this scenario.

SITE #9 ELLESMERE/McCOWAN

II. MTPR REZONING SCENARIO

1. Site Data

Site area - 9.0 acres (392,040 sq.ft.)

FSI of development scheme = 3.28 X

2. Land Uses and Land Value Estimates

Commercial		Land Value Index	Land Value
Commercial office building	535,000 sq.ft.	$15/sq.ft.	$ 8,025,000
Government office building	250,000 sq.ft.	$15/sq.ft.	$ 3,750,000
Total commercial development	785,000 sq.ft.		$11,775,000

Residential			
Condominium (1300 gr.sq.ft./unit)	170 units	$23,000/unit	$ 3,910,000
Rental (1300 gr.sq.ft./unit)	170 units	$15,000/unit	$ 2,550,000
Seniors' (800 gr.sq.ft./unit)	200 units	$12,000/unit	$ 2,400,000
Total residential	540 units		$10,220,000

3. Estimated Total Land Value $20,635,000

Estimated land value net, of government office building $16,885,000

MTPR September, 1987

SITE #10 5000 YONGE STREET

I. MTPR (A) - EXISTING OFFICIAL PLAN (Note: This scenario differs from the 5000 Yonge Report (Two) as 155 condominium units are replaced by 252 seniors units)

1. Site Data

Site area - 9.86 acres (429,500 sq.ft.)
FSI of development scheme = 4.5 X

2. Land Uses and Land Value Estimates

		Index	Land Value
Commercial office building	550,000 sq.ft.	\$48/sq.ft.	\$26,400,000
Government office building	550,000 sq.ft.	\$48/sq.ft.	\$26,400,000
Retail space	125,000 sq.ft.	\$48/sq.ft.	\$ 6,000,000
Condominiums (1300 gr.sq.ft./unit)	400 units	\$30,000/unit	\$12,400,000
Seniors units (800 sq.ft./unit)	252 units	\$12,000/unit	\$ 3,024,000
Performing Arts Centre	85,000 sq.ft.	--	--
Total development	2,025,000 sq.ft.		
Demolition	76,000 sq.ft.	\$ 5/sq.ft.	(\$ 380,000)

3. Estimated Total Land Value — \$73,444,000

Province's Share (75%) — \$55,083,000

Total land value net of government office building — \$47,044,000

Province's share (75%) — \$35,283,000

Estimated land value assuming 155 condos @\$30,000 instead of seniors — \$75,070,000

Province's Share (75%) — \$56,302,000

MTPR September, 1987

SITE #10 5000 YONGE STREET

II. MTPR (B) - AMENDED OFFICIAL PLAN (Note: This scenario differs from the 5000 Yonge Report (Two) as 200 condominium units are replaced by 325 seniors units)

1. Site Data

Site area - 9.86 acres (429,500 sq.ft.)
FSI of development scheme = 4.8 X

2. Land Uses and Land Value Estimates

		Index	Land Value
Commercial office building	585,000 sq.ft.	$48/sq.ft.	$28,080,000
Government office building	575,000 sq.ft.	$48/sq.ft.	$27,600,000
Retail space	125,000 sq.ft.	$48/sq.ft.	$ 6,000,000
Condominiums (1300 gr.sq.ft./unit)	400 units	$30,000/unit	$12,000,000
Seniors units (800 gr.sq.ft./unit)	325 units	$12,000/unit	$ 3,900,000
Performing Arts Centre	85,000 sq.ft.	--	--
Total development	2,150,000 sq.ft.		
Demolition	76,000 sq.ft.	$ 5/sq.ft.	($ 380,000)

3. Estimated Total Land Value

3. Estimated Total Land Value	$77,200,000
Province's Share (75%)	$57,900,000
Total land value net of government office space	$49,600,000
Province's Share (75%)	$37,200,000
Estimated land value assuming 200 condos @$30,000/unit vs. sen. units	$79,300,000
Province's Share (75%)	$59,475,000

MTPR September, 1987

SITE #10 5000 YONGE STREET

III. MTPR (C) - RESIDUAL SITE (EXCLUDING P.A.C.)

1. Site Data

Site area - 7.36 acres (320,600 sq.ft.) (excludes P.A.C.)
FSI of development scheme = 4.9 X

2. Land Uses and Land Value Estimates

Commercial

		Index	Land Value
Commercial office building	585,000 sq.ft.	$48/sq.ft.	$28,080,000
Government office building	540,000 sq.ft.	$48/sq.ft.	$25,920,000
Retail space	125,000 sq.ft.	$48/sq.ft.	$ 6,000,000
Total commercial development	1,250,000 sq.ft.		$60,000,000

Residential

Condominiums (1300 gr.sq.ft./unit)	250 units	$30,000/unit	$ 7,500,000
Total development	1,575,000 sq.ft.		
Demolition	76,000 sq.ft.	$ 5/sq.ft.	($ 380,000)

3. Estimated Total Land Value $67,120,000

Land value net of government office building $41,200,000

MTPR September, 1987

SITE #11 FALSTAFF/KEELE

I. CURRENT ZONING SCENARIO

1. Site Data

Site area - 24.1 acres (1,049,800 sq.ft.)

2. Land Uses and Land Value Estimates

		Index	Land Value
Institutional Use		$150,000/acre	$3,615,000
Demolition	32,000 sq.ft.	$ 5/sq.ft.	($ 160,000)

3. Estimated Total Land Value

$3,455,000

II. MTPR REZONING SCENARIO

1. Site Data

Site area - 24.1 acres (1,049,800 sq.ft.)

2. Land Uses and Land Value Estimates

		Index	Land Value
Park land	2 acres	--	--
Single family lots (40 ft.)	110 lots	$2600/frontage ft.	$11,440,000
Less servicing cost		$ 600/frontage ft.	($ 2,640,000)
Seniors' (800 gr.sq.ft./unit)	200 units	$12,000/unit	$ 2,400,000
Demolition	32,000 sq.ft.	$ 5/sq.ft.	($ 160,000)

3. Estimated Total Land Value

$11,040,000

MTPR September, 1987

SITE #11 FALSTAFF/KEELE

III. PRIVATE SECTOR REZONING SCENARIO

1. Site Data

Site area - 24.1 acres (1,049,800 sq.ft.)

2. Land Uses and Land Value Estimates

			Index	Land Value
Park land		2 acres	--	--
Single family lots	(40 ft.)	125 lots	$2600/frontage ft.	$13,000,000
Less servicing cost			$ 600/frontage ft.	($ 3,000,000)
Demolition		32,000 sq.ft.	$ 5/sq.ft.	($ 160,000)

3. Estimated Total Land Value — $ 9,840,000

Note: This scenario represents the estimated market value of the land.

SITE #12 HIGHWAY 427/BURNHAMTHORPE

I. CURRENT ZONING SCENARIO

1. Site Data

Site area - 9.6 acres (417,300 sq.ft.)
FSI of development scheme = 0.8 X

2. Land Uses and Land Value Estimates

Commercial office building	334,560 sq.ft.	$15/sq.ft.	$ 5,018,400

3. Estimated Total Land Value — $ 5,018,400

II. MTPR SCENARIO

1. Site Data

FSI of development scheme = 2.24 X

2. Land Uses and Land Value Estimates

		Index	Land Value
Commercial office building	650,000 sq.ft.	$15/sq.ft.	$ 9,750,000
Retail space	15,000 sq.ft.	$15/sq.ft.	$ 225,000
Condominiums (1300 gr.sq.ft./unit)	270 units	$21,000/unit	$ 5,670,000

3. Estimated Total Land Value — $15,645,000

SITE #12 HIGHWAY 427/BURNHAMTHORPE

III. PRIVATE SECTOR REZONING SCENARIO

1. Site Data

Site area - 9.6 acres (418,200 sq.ft.)

FSI of development scheme = 1.5 X for the commercial component (5.1 acres)
60 units/acre for the residential component (4.5 acres)

2. Land Uses and Land Value Estimates

		Index	Land Value
Commercial office building	318,000 sq.ft.	$15/sq.ft.	$ 4,770,000
Retail space	15,000 sq.ft.	$15/sq.ft.	$ 225,000
Condominium (1300 gr.sq.ft./unit)	270 units	$21,000/unit	$ 5,670,000

3. Estimated Total Land Value $10,665,000

Notes: This scenario represents the market value of the land.

The commercial component of the scheme was reduced, compared to the MTPR Scenario, to reflect the likely opposition to a commercial development with a density greater than 1.5 X land area.

MTPR September, 1987

SITE #13 LAKESHORE PSYCHIATRIC

I. CURRENT ZONING SCENARIO

1. Site Data

Site area - 63.5 acres (2,766,060 sq.ft.)

2. Land Uses and Land Value Estimates

	Index	Land Value
Institutional Use	$150,000/acre	$9,600,000

II. MTPR (A) - REZONING SCENARIO

1. Site Data

Site area - 64.0 acres (2,787,840 sq.ft.)

2. Land Uses and Land Value Estimates

		Index	Land Value
Park land	32 acres	$150,000/acre	$ 4,800,000
Retail/commercial space	50,000 sq.ft.	$36/sq.ft.	$ 1,800,000
Condominiums (1300 gr.sq.ft./unit)	1000 units	$19,000/unit	$19,000,000
Seniors' (800 gr.sq.ft./unit)	200 units	$12,000/unit	$ 2,400,000

3. Estimated Total Land Value — $28,000,000

Note: This scenario is represents the estimated market value of the land.

MTPR September, 1987

SITE #13 LAKESHORE PSYCHIATRIC

III. MTPR (B) REZONING SCENARIO

1. Site Data

Site area - 64.0 acres (2,787,840 sq.ft.)

2. Land Uses and Land Value Estimates

Institutional		Index	Land Value
Park land	32 acres	$150,000/acre	$ 4,800,000
Commercial			
Retail/commercial space	50,000 sq.ft.	$36/sq.ft.	$ 1,800,000
Residential			
Condominiums (1300 gr.sq.ft./unit)	500 units	$19,000/unit	$ 9,500,000
Seniors' (800 gr.sq.ft./unit)	100 units	$12,000/unit	$ 1,200,000

3. Estimated Total Land Value $17,300,000

A. ALTERNATIVE DEVELOPMENT MECHANISMS

The Province has several available options in dealing with its surplus properties in the Toronto area. Some properties have similar considerations which will lead to a similar plan of action, while other properties have more unique characteristics which will require a more creative disposition/development formula.

Analyzing the alternative development mechanisms involves identifying the political, financial, and managerial trade-offs of each solution. The chosen course of action must balance potential profit with other "non-monetary" factors.

It should be noted that in most cases the optimal mechanism will be outright disposal, through a tender call. This option is the simplest to structure and manage. Although it may not be the most profitable alternative, it does serve to minimize the financial and political risk.

1. Province as Sole Developer

The Government of Ontario has the managerial expertise to develop its own properties. This alternative is likely to be optimal in cases where the Province will be the only user on the site. In these

situations, developing in-house avoids paying for the developer's profit, and also avoids leasing when the Government could own the space.

In situations where the Province's accommodation needs represent only a minor component in a project, it is advisable that the province not act as the developer. There may be a perceived ethical problem in the Government competing with the private sector, when market forces do not warrant such intervention. Further, if the Province takes on a project which could have been left to private developers, it leaves itself open to political embarrassment, should the project go sour or should the industry as a whole go into a recessionary period.

2. Land Lease to Developers

The main advantage to the Province of the land lease approach is that it retains ownership of the land and generates a positive cash flow, without having to commit any further capital. This alternative should be considered when a short-term or medium-term user can be found for a site, where, at the same time, the Province wants to benefit from the long-term land value appreciation potential of the location.

Typically, land lease payments are based on the market value of the land. However, often these payments are reduced in the first 5 to 10 years of the lease, to compensate for the high capital costs and gradually increasing profitability of a project.

In many cases, the market value of the land is periodically re-evaluated and the land rent is then adjusted accordingly. This can create problems when the market value of the land increases sharply but the value of the improvement on the land does not keep in step with increased land values. For the developer, the result is an increase in rent without a commensurate increase in marketability of the project.

In order to avoid this problem and at the same time allow the land owner to participate in the development revenue, land rent can be based on a lower fixed payment plus a specified portion of the revenue generated by the project. In this way, rent paid by the developer more closely approximates the marketability of the project while reducing the outflow of cash in the start up period. One problem with such an arrangement is that the land owner may be penalized for the mistakes made by the developer in planning or managing the development.

Another complication with land leases relates to the requirement, in most agreements, to calculate the residual value of the property at the end of the lease term. The land owner will usually have to pay the developer a lump sum upon the reversion of the property. A formula or method for arriving at the reversionary value of the property and the subsequent payment must be agreed upon, from the outset.

Finally, it should be noted that condominium projects on leased land can create legal and marketing complications. For this reason, developers have been reluctant to enter into a land lease when a condominium project has been involved.

3. Joint-Venture

The Province has the option to enter into a joint-venture with a developer in order to participate in the development of its properties. A joint-venture would seem most fitting, from a political perspective, where the development involves a relatively low-risk project, since the Province's exposure to losses would be minimized. On the other hand, where the Province's intention is to promote a certain type of project, not provided by the private sector, a high risk venture might be acceptable.

In a joint-venture, the Province could act as a silent partner, whereby it would provide the land, and possibly, some initial capital and would only be involved in the major decisions effecting the project. Alternatively, the Province could be an active partner, managing the day-to-day activities of the project, hand-in-hand with the private developer.

From the developer's typical perspective, the least Government involvement in the management of a project, the better. The private sector and the public sector have different objectives, concerns, and criteria for making decisions. These philosophical and practical conflicts of interest would come to a head should a project have problems that could require that some hard decisions be made.

Aside from the profit motive, a joint-venture would allow the Province to exert more control over how the site is developed. At the same

time, the Province would benefit from the developer's expertise in construction, marketing, and property management.

Furthermore, tax considerations could put the Province in a more favourable position since it could effectively sell tax write-offs to its joint-venture partner. Tax deductions such as capital cost allowance (CCA) and loss carry-forwards generated by the development are useless to the Province since it is a non taxable entity.

Both parties would benefit in a situation whereby the private developer would have right to the full value of these tax write-offs. In exchange the Province could receive accommodations at a discounted rental rate (if space was required at the particular site), or it could be entitled to a greater share of the profits from the project than would otherwise be the case.

A major pitfall of joint-ventures is the possibility of creating alliances which may become politically damaging. This situation would arise should the developer/partner find itself in financial difficulty or for some reason generate a poor public image.

It should be noted that developers will probably not go into a joint-venture with Government unless they are compensated for the restrictions and risks that this structure would impose on them. This could mean that the Province would have to be prepared to strike a deal that would be relatively more profitable to the developer than would otherwise be the case.

4. Disposal/Outright Sale

Most developers like things simple, straightforward, and easy to analyze. Therefore, the outright sale of the Province's properties, free of encumbrances, can be expected to generate the most developer interest and consequently the highest revenue for the Province.

This course of action allows the Province to get its money "up front", unaffected by the success or failure of the project, or by any future market fluctuations. This also reduces much of the political risk involved in dealing with its surplus properties.

Of course, there is always the possibility of selling a property at a price below its fair market value and then having a speculator subsequently re-sell the property, at a significant profit. This possibility can be minimized by assessing the value of the land shortly before going to market, and by calling for tenders, with a stipulated minimum bid. The tender call can be structured in such a way as to allow the Province to reject all bids if it is not satisfied with the financial results of the process.

A caution with respect to the disposition of its properties, involves the possibility that the same developer wins several high profile bids. The Province may be well advised to distribute the business around, in order to avoid accusations of preferential treatment.

The result of outright disposition is not necessarily "pure" profit maximization. A developer will discount the value of a site to provide a certain return for the time value of his money, and for the risk he is undertaking. However, the outright sale solution does allow the Province to benefit from the market value of its land while avoiding the political and financial risks of other alternatives.

B. SITE SPECIFIC OPTIMAL MECHANISM

#1) 90 Harbour Street - Hold

Given the present uncertainty with respect to the City's policy regarding development along the waterfront and the increase in product, to be provided by the World Trade Centre and Waterpark Place Phase II, the Province is advised to hold its land. A better climate will present itself once the controversy over waterfront development has blown over and the oncoming projects have been successfully marketed.

#2) & #3) East Bayfront (LCBO) and (OPP) - If a deal is negotiated with Torstar, the transaction should be based on a land lease, otherwise the land should be held for future sale.

Both these sites represent speculative land development/value potential to developers, as the commercial market has yet to extend far enough eastward to include East Bayfront. Developers would likely only be prepared to pay relatively low speculative prices for this land, if it was put on the market, at this time.

The Province is advised to hold the land until the commercial potential of the area matures. Holding the land would also allow the Province time to get the site rezoned to reflect to its commercial potential.

If Torstar is to be accommodated on this site, it should be through a land lease, so as not to transfer the speculative potential of the site

to Torstar, at an industrial land-use selling price. Since the life of the proposed Torstar plant is expected to be 30 years, this should be the term of the land lease.

The possibility of participating in the development, or sale to a developer, of the Torstar sites (One Yonge Street and MT 27) should be considered if the political decision is to sell the East Bayfront site to Torstar at an industrial value.

With respect to the potential computer centre, the Province should sell the land outright. This is suggested assuming the proposed user would be paying the current fair market value of land. It is recognized that there is a trade-off between the long term commercial potential for the site and its current achievable price.

#4) 70 Lombard Street - Outright Disposal

As the development scenario assumes co-op assisted housing, the land should be sold to a crop developer, in this case, to the one showing consistent interest, the Labour Council Development Foundation.

#5) 145 Queen Street West - Outright Disposal

This site represents a prime commercial development opportunity which would generate considerable developer interest. A call for tender bids would allow market forces to generate the highest possible value for the Province's land.

#6) Armoury/Chestnut - Sole Developer

Since the Province owns the site and the only users will be the Courts and ancillary agencies, the Province shown maintain ownership and oversee the development of the project.

#7) East of Bay - Outright Disposal

This site is complicated due to the various planned uses, and will probably have to be sold in separate parcels, since few developers have the expertise required to handle the entire project.

The Ballet/Opera parcel should be studied further so as to develop a project acceptable to all parties concerned. The issue at hand is the trade-off between public benefit and commercial potential of the site.

The co-op housing component should be sold to the Co-operative Housing Federation of Toronto Inc. The non-profit housing component should be sold to CityHome. The private residential component should be sold through a tender call.

The portion of the site on which a commercial building is to be built should be sold to a private developer who would develop the site independently from the Ballet/Opera. Alternatively, the commercial tower could be developed as an integral part of the Ballet/Opera by a builder who would manage the entire project.

#8) 2195 Yonge - Outright Disposal

Since the Province requires 35,000 sq.ft. of office space at this site,the proposal call could suggest providing this space to the Province at a reduced rate (or free), in exchange for a lower selling price for the land.

#9) Ellesmere/McCowan - Outright Disposal

The only caution in selling this site concerns the City of Scarborough land separating the Province's site with the subway station. The province should design its development scheme with the participation of the City of Scarborough, so as to better integrate the overall marketability of its site with its neighbour.

#10) 5000 Yonge Street - Outright Disposal/Sole Developer

The portion of the site not required by the Province, should be sold to developers. The residential buildings may be sold piecemeal or as a package.

The Province should develop its own office building, since it has the resources to do so. The cost of common elements in the commercial development would have to be shared, based on terms negotiated between the Province and the private developer.

#11) Falstaff/Keele - Outright Disposal

#12) Highway 427/Burnhamthorpe - Hold the commercial portion of the site and Outright Disposal of the residential portion.

Given the present glut of office space coming on-stream in this market area and the expected continuation of the present rate of development, the Province should hold the commercial component of the site until the supply/demand equation is more favourable. The residential portion of the site should be sold outright.

#13) Lakeshore Psychiatric - Outright Disposal

Humber College, the adjacent landowner, is interested in selling its land jointly with the Province's site. However, there is no reason to conclude that such a participation would enhance the value of the Province's land. Unless it can be shown that value can be created by transferring densities within a combined site, it is suggested that the Province sell its land outright.